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## INGRAM BARGE COMPANY

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May 3, 2004

**VIA FACSIMILE**  
**(202) 493-2251**

USCG-2003-14472-20

MARAD-2003-15171-15

Docket Management Facility  
(USUCG-2003-14472/MARAD-2003-15171)  
US Department of Transportation  
Room PL-401  
400 Seventh Street, NW  
Washington, DC 20590-0001

2004 MAY -3 P 2:13

DEPT. OF TRANSPORTATION  
DOCKETS**Re: Comments on Lease Financing NPRM**

Dear Sir or Madam:

As the largest carrier in the inland marine transportation business, Ingram Barge Company operates a fleet of 140 towboats and 3800 barges. Ingram operates throughout the entire inland system, with primary focus on the Mississippi, Ohio, Cumberland, Tennessee, and the Gulf Intracoastal Waterway.

Ingram and the industry depend upon our government's continued commitment to preserve the U.S. ownership requirements of the cabotage laws, as embodied in the Jones Act. The protection afforded our company and our industry by the Jones Act is the basis for our investment in vessels—in Ingram's case, \$700 million. This investment was made in reliance on the continued integrity of the Jones Act.

We appreciate the opportunity to comment on the notice of proposed rulemaking. The Coast Guard's final rule takes a major step toward closing the lease financing loophole that has placed U.S. control of the domestic fleet, and our company's investment in Jones Act vessels, in jeopardy. However, the job is not done — it is essential that the Coast Guard and MarAd take prompt action to resolve the issues raised in the NPRM so that the remaining loophole will be eliminated.

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Ingram supports the more detailed comments made by AWO and the Maritime Cabotage Task Force and will not repeat all that detail here. In brief, here's what we are asking the Coast Guard and MarAd to do to effectively close the loophole:

1. **Adopt Alternative 2** prohibiting charter-back arrangements (in which a lease financed vessel is chartered back to the vessel owner or member of the owner's group of companies), except when the vessel is engaged in carrying proprietary cargo for the owner or a member of the owner's group. Unless this is done, foreign vessel owners will still be able to control vessels used in the domestic trade, despite the clearly expressed intent of Congress to prevent it. **Charter-back arrangements for the carriage of proprietary cargo should be reviewed by MarAd to ensure that implementation of the proprietary cargo exception is properly administered.**
2. **Establish a three-year limit on the grandfather provisions** contained in the lease financing final rule (which provided an open-ended grandfather for vessels previously documented under the lease financing provision). Three years is ample time for a vessel owner to restructure its investment to ensure compliance with the regulations.
3. **Ensure that the Coast Guard has access to the expertise it needs to evaluate whether an application for documentation meets the standards of the regulations.** The Coast Guard should establish a procedure in which applications that meet certain defined criteria are subject to **public notice and comment**. This process should be triggered if the applicant is affiliated with a non-citizen vessel owner or operator or if the lease-financed vessel will be subject to a charter-back arrangement. In addition, the Coast Guard should be free to **contract with third-party auditors as needed** to assist in its review of applications for documentation.

Thank you for the opportunity to comment on the NPRM. Getting this rule right – and quickly – is vital to the future of our company and industry.

Sincerely,



Daniel P Mecklenborg